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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* NGOC CUNG PHAN

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Appeal 2007-2004  
Application 09/736,554  
Technology Center 3600

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Decided: February 29, 2008

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Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and  
JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant seeks our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1-14. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We AFFIRM-IN-PART and ENTER A NEW GROUND OF REJECTION PURSUANT TO 37 C.F.R. § 41.50(b).

## THE INVENTION

Appellant claims a method which relates generally “to in-store point-of-sale systems, and, more specifically, to methods and systems for processing and distributing up-to-the-minute merchandising and inventory data over a communication network such as the Internet.” (Specification p. 1.)

Claim 1, reproduced below, is representative of the subject matter on appeal.

1. A computer implemented system for distributing in real-time, inventory data acquired from point-of-sale systems at any one of a plurality of retail systems, comprising:
  - (a) a plurality of in-store systems for processing, storing, and communicating data;
  - (b) a plurality of subscriber systems for generating and processing requests for data; and
  - (c) a host system, operably coupled to the in-store systems and the subscriber systems, for processing, storing, and communicating data between the

plurality of subscriber systems and the plurality of  
in-store systems.

#### REFERENCES

The Examiner relies upon the following as evidence of  
unpatentability:

Anon., "ArsDigita Powers Nation's Leading Online Wine Exchange:  
WineAccess.com," Business Wire, July 17, 2000.

The Microsoft Press Computer Dictionary, Third Edition, Microsoft  
Press, Redmond, Washington (1997), pages 238, 430, 462, and 505.

In addition to the prior art cited by the Examiner, we also refer to the  
following additional prior art.

Ranganath                      US 2001/0037245 A1      Nov. 1, 2001  
Provisional date Apr. 7, 2000

#### THE REJECTION

The following rejections are before us for review.

1. Claim 1 stands rejected under 35 U.S.C. 103(a) as being unpatentable  
over the anonymous article, "ArsDigita Powers Nation's Leading  
Wine Exchange: WineAccess.com," hereinafter ArsDigita.
2. Claim 2 stands rejected under 35 U.S.C. 103(a) as being unpatentable  
over ArsDigita as applied to claim 1 above, and further in view of the  
Microsoft Press Computer Dictionary.

3. Claims 3, 4, 5, 9, 10, and 11 stand rejected under 35 U.S.C. 103(a) as being unpatentable over ArsDigita and the Microsoft Press Computer Dictionary as applied to claim 2, and further in view of the official notice.
4. Claim 6, 12, 13, and 14 stand rejected under 35 U.S.C. 103(a) as being unpatentable over ArsDigita.
5. Claims 7 and 8 stand rejected under 35 U.S.C. 103(a) as being unpatentable over ArsDigita as applied to claim 6 above, and further in view of official notice.

#### ISSUES

The first issue is whether Appellants have sustained their burden of showing that the Examiner erred in rejecting the claims on appeal as being unpatentable under 35 U.S.C. § 103(a) over ArsDigita. More specifically, the issue is whether ArsDigita describes the system of claims 1 and 6 sufficiently to have placed a person of ordinary skill in the field of the invention in possession of it.

The second issue is whether the subject matter of claim 3, relating to database structure and attributes thereof, is capable of such instant and unquestionable demonstration as to defy dispute so as to be evidenced by Official Notice.

### FINDINGS OF FACT

We find the following facts by a preponderance of the evidence:

1. ArsDigita discloses a retailer having a point of sale (POS) system which automatically (e.g., processes, stores, and communicates data) updates that store's inventory. (*ArsDigita*, p. 1)
2. We understand that a retailer POS system most often uses plural POS stations in order to reduce wait time at the checkout areas of the store and these POS stations take payments from customers and report to the system what and for how much each item is sold.
3. ArsDigita discloses a host system in the form of an ArsDigita Community System (ACS) which connects the store's Web site to the store's own point-of-sale system to automatically update and market that store's inventory of wines. (*ArsDigita*, p. 1)
4. We understand that Internet access is provided by different subscriber systems (Internet Service Providers (ISPs)) and these ISPs generate and process requests for data for their users.
5. ArsDigita discloses customers access the store inventory via the store Website. (*ArsDigita*, p. 1)

6. ArsDigita Community System (ACS) is coupled to the POS system and the retailer Web site in order to update inventory information at the Web site; the ACS also effects communication between the Internet subscriber systems (ISPs) and the plurality of in-store systems because the ACS is the foundation system on which the retailer Web site is built. (*ArsDigita*, p. 1)
7. The Examiner noted that “‘ArsDigita’ “does not expressly disclose supporting a transmission control protocol/Internet protocol (TCP/IP) and hypertext transfer protocol (http), but the Microsoft Press Computer Dictionary teaches that the Internet supports TCP/IP and HTTP (definition of HTTP, page 238; definition of TCP/IP, page 462).” (Final 3)

## PRINCIPLES OF LAW

### *Obviousness*

A claimed invention is unpatentable if the differences between it and the prior art are “such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art.” 35 U.S.C. § 103(a) (2000); *KSR Int’l v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 13-14 (1966).

In *Graham*, the Court held that that the obviousness analysis is bottomed on several basic factual inquiries: “[ (1) ] the scope and content of the prior art are to be determined; [ (2) ] differences between the prior art and the claims at issue are to be ascertained; and [ (3) ] the level of ordinary skill in the pertinent art resolved.” 383 U.S. at 17. *See also KSR Int’l v. Teleflex Inc.*, 127 S.Ct. at 1734 . “The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, at 1739.

*Official Notice*

Officially noticed facts may only play a minor role in filling evidentiary gaps and cannot provide the totality of evidence to support a rejection. *See, In re Ahlert*, 424 F.2d 1088, 1092 (CCPA 1970), *see also In re Kaplan*, 789 F.2d 1574, 1580 (Fed. Cir. 1986) (“Even if obviousness of the variation is predicated on the level of skill in the art, prior art evidence is needed to show what that level of skill was.”).

In making a rejection, however, an examiner may “take notice of facts beyond the record which, while not generally notorious, are capable of such instant and unquestionable demonstration as to defy dispute.” *In re Ahlert*, 424 F.2d at 1091, (citing *In re Knapp Monarch Co.*, 296 F.2d 230 (CCPA 1961)).



## ANALYSIS

The rejections are affirmed as to claims 1 and 2, and reversed as to claims 3-14.

Appellant does not provide a substantive argument as to the separate patentability of claim 2 that depends from claim 1. Rather, Appellant makes a statement which merely points out what the claim recites, and thus it will not be considered an argument for separate patentability of the claim. Claim 2 thus stands or falls with claim 1. *See*, 37 C.F.R. § 41.37(c)(1)(vii)(2004).

We affirm the rejection of claim 1 under 35 U.S.C. § 103(a) because ArsDigita describes the system of claim 1 sufficiently to have placed a person of ordinary skill in the field of the invention in possession of it. *Akzo N.V. v. United States Int'l Trade Comm'n*, 808 F.2d 1471, 1479 (Fed. Cir. 1986).

Appellant however challenges the rejection of claim 1 stating that “no matter whether it can be implied that the WineAccess.com is hosted, the Examiner has not shown and nor can it be implied that the WineAccess.com web site includes a host system for communicating inventory data between the plurality of subscriber systems and the plurality of in-store systems.” (Appeal Br. 8) We disagree.

We find that ArsDigita discloses a host system in the form of the ArsDigita Community System (ACS) which connects the store’s Web site to

the store's own point-of-sale system to automatically update and market that store's inventory of wines. (FF 3) We further find that a retailer POS system most often uses plural POS stations in order to reduce wait time at the checkout areas of the store and these POS stations take payments from customers and report to the system what and for how much each item is sold. (FF 2) Also, the (ACS) system is operably coupled to the store's POS system in order to update the information at the store's Website and effects communication between the plurality of POS stations in the store and the Internet subscriber systems (ISPs) allowing Internet users to access the information on the store's Website because the ACS is the foundation system on which the retailer Web site is built. (FF 6) Thus, the rejection of claim 1 under 35 U.S.C. § 103(a) is not based on an implication of a host system, but rather on the direct disclosure of the ACS system which hosts communication between the POS system and Internet Service Providers.

Appellant challenges by separate argument, the rejection of claim 3. Specifically, Appellant argues "The Examiner only takes official notice that web sites identify the merchants whose web sites they are. This official notice does not teach how the web sites identify the merchants as claimed in claim 3." (Appeal Br. 11) We agree.

Claim 3 requires, *inter alia*, "...a memory database used to store merchant identification data, the sales transaction data, and the inventory data...." The Official Notice taken by the Examiner assumes the ArsDigita

website memory is part of a database serving plural stores, and thus each store's data, e.g., inventory data, requires it to be distinguished from other stores' data by merchant identification data. However, ArsDigita does not describe what database structure is used at its Website, and thus the database structure mentioned by the Examiner in the Official Notice it is not instantly and unquestionably demonstrated as being of the type that would be shared by ArsDigita with other stores<sup>1</sup>. See *Ahlert*, at 1091. For these reasons, we cannot sustain the rejection of claim 3.

Since claims 4, 5, 9, 10, and 11 depend from claim 3, we likewise cannot sustain the rejection of claims 4, 5, 9, 10, and 11 under 35 U.S.C. § 103(a).

Appellant also challenges by separate argument the rejection of claim 6. Specifically, Appellant argues “[i]t is improper for the Examiner to imply that the ArsDigita reference includes elements that are based on possibilities or probabilities.” (Appeal Br. 9) We agree.

Claim 6 requires, *inter alia*:

indexing and storing the current inventory data,  
merchant identification data, and merchant  
network address data using a host system database  
at the host system;

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<sup>1</sup> The Specification describes using merchant identification data as part of the memory database structure because the memory database serves plural stores and each store's data is distinguished by that store's identification data. (Specification 8:10-14)

processing requests for inventory data with a data distributor in the host system using said indexed and stored inventory data, merchant identification data, and merchant network address data in response to receiving a request for inventory data from a subscriber system;

In the case of claim 6, the Examiner relies on the disclosure in ArsDigita of "...matching a consumer with a local retailer screened for wine knowledge, customer service, and selection (paragraph beginning "Store Finder:");, implying a database of merchant identification data...." (Final 7) However, matching a consumer with a retailer based on the consumer's preferences does not address the problem of the database structure used by the merchant because the former deals with user preferences which does not necessarily require that a single database be used, and thus one retailer be distinguished from another using a merchant identification as required by claim 6. Therefore, we cannot affirm the rejection of claim 6 under 35 U.S.C. § 103(a) based on ArsDigita.

Since claims 7, 8, 12, 13, and 14 depend from claim 6, we likewise cannot sustain the rejection of these claims under 35 U.S.C. § 103(a).

*New Ground of Rejection:*

We reject claims 1-3 and 6 under 35 U.S.C. § 103(a) as being unpatentable over ArsDigita in view of Ranganath.

As found *supra*, ArsDigita taken with the known use of TCP/IP or http protocols meet the requirements of claims 1 and 2. (FF 1-7) However, ArsDigita does not disclose a memory database used to store merchant identification data, sales transaction data, and inventory data as required by claim 3, nor the additional indexing step using these attributes as required by claim 6.

However we know from Ranganath that a person with ordinary skill in the art at the time of the invention would know that a memory 107 can serve as an inventory database accessible by people on the Internet ¶ [0026] and which memory is used by more than one retailer ¶¶ [0033], [0058] and that in order to know whose data is whose within the common database, a retailer identification is assigned to each retailer ¶¶ [0027], [0058].

Further from Ranganath a person with ordinary skill in the art at the time of the invention would know of a data distributor in the form of the application server 102 which uses the retailer POS access information ¶ [0058] to distribute information to the appropriate retailer's memory file indexed to the retailer's identification ¶ [0027] inventory data ¶ [0034] and merchant network address [0058] as required by claim 6.

Thus, ArsDigita and Ranganath appear to show all the elements of claims 3 and 6. There appears to be no evidence of unpredictable results. Under these circumstances, “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more

than yield predictable results.” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1739 (2007).

We leave for the Examiner to consider whether any of the subject matter of the remaining dependent claims 4-5, 7-14 would have been obvious to one having ordinary skill in the art at the time of the invention in view of the teachings ArsDigita and Ranganath and/or in combination with other pertinent art of which the Examiner is or becomes aware.

#### CONCLUSIONS OF LAW

In conclusion:

We affirm the rejection of claim 1 under 35 U.S.C. 103(a) as being unpatentable over ArsDigita.

We affirm the rejection of claim 2 as being unpatentable over ArsDigita as applied to claim 1, and further in view of the Microsoft Press Computer Dictionary.

We do not affirm the rejection of claims 3, 4, 5, 9, 10, and 11 under 35 U.S.C. 103(a) as being unpatentable over ArsDigita and the Microsoft Press Computer Dictionary as applied to claim 2, and further in view of the official notice.

We do not affirm the rejection of claims 6, 12, 13, and 14 under 35 U.S.C. 103(a) as being unpatentable over the anonymous article, "ArsDigita"

We do not affirm the rejection of claims 7 and 8 under 35 U.S.C. 103(a) as being unpatentable over ArsDigita as applied to claim 6, and further in view of official notice.

#### DECISION

The decision of the Examiner to reject claim 1 under 35 U.S.C. 103(a) as being unpatentable over "ArsDigita is AFFIRMED.

The decision of the Examiner to reject claim 2 under 35 U.S.C. 103(a) as being unpatentable over ArsDigita in view of the Microsoft Press Computer Dictionary is AFFIRMED.

The decision of the Examiner to reject claims 3, 4, 5, 9, 10, and 11 under 35 U.S.C. 103(a) as being unpatentable over ArsDigita and the Microsoft Press Computer Dictionary and further in view of the official notice is REVERSED.

The decision of the Examiner to reject claim 6, 12, 13, and 14 under 35 U.S.C. 103(a) as being unpatentable over ArsDigita is REVERSED.

The decision of the Examiner to reject claims 7 and 8 under 35 U.S.C. 103(a) as being unpatentable over ArsDigita in view of official notice is REVERSED.

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)).

37 C.F.R. § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

37 CFR § 41.50(b) also provides that the appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

1• (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner . . . .

2• (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record . . . .

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4No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R.

§ 1.136(a)(1)(iv) (2006).

AFFIRMED-IN-PART

NEW GROUND OF REJECTION - 37 C.F.R. § 41.50(b).

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PL: vsh



Appeal 2007-2004  
Application 09/736,554

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